

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGRE-00 COME-00 TRSE-00 OMB-01  
STR-04 SP-02 L-03 H-02 CIAE-00 INR-07 NSAE-00 PRS-01  
AID-05 IGA-02 /045 W  
-----291825Z 022506 /43

R 291400Z DEC 76  
FM AMEMBASSY PORT AU PRINCE  
TO SECSTATE WASHDC 3680  
INFO AMEMBASSY SANTO DOMINGO

UNCLAS PORT AU PRINCE 3650

SANTO DOMINGO FOR AGATT

EO 11652 N/A  
TAGS: EAGR, ETRD, HA  
SUBJECT: COFFEE PRICES

REF: STATE 302391

1. HAITIAN COFFEE PRICES FOLLOW WORLD MARKET PRICES. THEY DO NOT LEAD. TOTAL EXPORTS FROM THE 1975-1976 HARVEST AMOUNTED TO 59,664,000 POUNDS, 64 PERCENT MORE THAN FROM THE PREVIOUS HARVEST. EXPORTS FROM THE 1976-1977 HARVEST ARE EXPECTED TO AMOUNT TO ABOUT 52,800,000 POUNDS. EXPORTS FROM THE 1977-1978 HARVEST SHOULD AMOUNT TO ABOUT 72,600,000 POUNDS. THE STIMULUS OF HIGH PRICES, AN ONGOING AID PROGRAM, AND THE HIGH POINT OF THE PRODUCTION CYCLE ARE EXPECTED TO COINCIDE AND PRODUCE A RECORD HARVEST.

2. HAITI PRODUCES HIGH QUALITY BLENDING COFFEE. COFFEE SOLD IN DOMESTIC MARKETS IS SECOND QUALITY AND CONTAINS A HIGH PERCENTAGE OF BROKEN BEANS. RETAIL PRICES VARY BUT PROBABLY AVERAGE \$1.80 TO \$1.85 PER POUND. DOMESTIC PRODUCERS (WHOLESALEERS) PAY ABOUT \$1.15 TO \$1.25 PER POUND. THERE ARE NO MINIMUM EXPORT PRICES, RETENTION REQUIRE-  
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MENTS, OR OTHER GOVERNMENT MEASURES TO RESTRICT EXPORTS. WHOLESALERS DO SPECULATE AGAINST EXPECTED PRICE INCREASES BUT USUALLY FOR BRIEF PERIODS. A PRIME INTEREST RATE IN EXCESS OF 12 PER CENT DISCOURAGES SPECULATION. COFFEE GROWERS CURRENTLY RECEIVE ABOUT HALF THE RETAIL PRICE OR ABOUT NINETY CENTS PER POUND. THE EXPORT TAX

FORMULA IS COMPLICATED AND INCLUDES A SPECIFIC TAX OF SEVEN CENTS PER POUND AS WELL AS AN AD VALOREM TAX OF ONE PER CENT OF THE AMOUNT THAT THE FOB DOLLAR PRICE OF A 132 POUND SACK EXCEEDS \$45.00.

3. COFFEE IS HAITI'S MOST IMPORTANT EARNER OF FOREIGN EXCHANGE AND ITS IMPORTANCE TO THE ECONOMY IS RECOGNIZED BY THE GOVERNMENT. THE GOH IS TRYING TO ENCOURAGE BETTER AGRICULTURAL PRACTICES, PROVIDE MORE MARKET INFORMATION TO GROWERS, AND IMPROVE QUALITY THROUGH BETTER DRYING METHODS. A PROGRAM TO INCREASE COFFEE PRODUCTION IS A MAJOR PLANK IN THE U.S. ASSISTANCE EFFORT IN HAITI.  
ISHAM

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## Message Attributes

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